



**DARWIN COLLEGE  
CAMBRIDGE**

**ANNUAL REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2015**

DARWIN COLLEGE  
ANNUAL REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2015

**TABLE OF CONTENTS**

Contents	Page
Preliminary Information	2
Annual Report of the Trustees	3
Report of the Independent Auditors	11
Statement of Principal Accounting Policies	13
Income and Expenditure Account	16
Statement of Total Recognised Gains and Losses	17
Balance Sheet	18
Cash Flow Statement	19
Notes to the Accounts	20

## PRELIMINARY INFORMATION

### Body Corporate:

The Master and Fellows of Darwin College in the University of Cambridge

### Address:

Silver Street, Cambridge CB3 9EU

### Charity Registration Number:

1141105

### Charity Trustees:

The College's Trustees for Financial Year 2014-15 as at 30 June 2015 were:

Professor C M R Fowler	Master	
Professor M K Jones	Vice-Master	
Dr L E A Howe	Dean	
Mr P J Brindle	Bursar	(to 1 December 2014)
Mr J T Dix	Bursar	(from 1 December 2014)
Professor A M Pitts		
Professor C M Bishop		(to 1 October 2014)
Dr A Narlikar		(to 1 October 2014)
Dr D Needham		(from 1 December 2014)
Professor D J C Mackay		(from 1 January 2015)

### Principal Advisers:

#### Auditors:

Peters, Elworthy & Moore  
Salisbury House  
Station Road  
Cambridge CB1 2LA

#### Bankers:

Barclays Bank plc (Corporate Banking)  
PO Box 885  
Mortlock House  
Histon, Cambridge CB4 9DE

### Property Managers:

Cheffins, Chartered Surveyors  
Clifton House  
1 & 2 Clifton Road  
Cambridge CB1 7EA

### Investment Fund Managers:

Cazenove Capital Management Ltd  
12 Moorgate  
London EC2R 6DA

## **INTRODUCTION**

### **The College**

Darwin College was founded in 1964 as the first graduate college in the University of Cambridge. The College was created an Approved Foundation on 29 January 1965, and was incorporated by Royal Charter dated 9 June 1976 as a Body Politic and Corporate under the name and style of "The Master and Fellows of Darwin College in the University of Cambridge". The College is an educational charity. It enjoyed exemption from registration from its foundation until 2010 when changes in charity law required it to become registered with the Charity Commission, which it has been since 4 April 2011. The main College site is at Silver Street, Cambridge, CB3 9EU.

### **Aims and Objectives of the College**

The College's principal object under its Charter is to advance education, learning and research in the University of Cambridge. It pursues this objective by:

- Promoting and fostering excellence in academic education and learning through providing a community of scholarship for its graduate students
- Creating and nurturing a vibrant and supportive research community for its fellows, graduate students, other members, and visitors.
- Maintaining and enhancing the endowment, benefactions, buildings, grounds, and facilities of the College for the continuing benefit of current and future generations of members.

The maintenance of the College's financial viability for the present and long term, and of its independence and autonomy within the collegiate university, are consistent with and necessary conditions for the fulfilment of its charitable purposes.

### **Public Benefit**

The College provides, in conjunction with the University of Cambridge, an educational and support base for over 650 graduate students, and very occasionally undergraduate-status students in specific disciplines; the education is recognised internationally as being of the very highest standard. The teaching and research challenges and develops students academically, fosters leadership qualities and interpersonal skills, and prepares them to play full and effective roles in society, whether in the UK or in the 70-80 other countries from which the membership is currently drawn. Although only half a century old, the College already numbers Nobel prize winners amongst its Fellows and alumni, the most recent in 2009.

In particular the College provides:

- Physical and technical facilities supporting its students in their individual study regimes, as well as supporting teaching activities in the wider University, and for seminars and a public lecture series of international renown;
- Pastoral, administrative, and academic support for its students through the Deanery (tutorial), and mentoring systems provided by Fellows; and
- Social, cultural, sporting, musical and recreational facilities, enabling students to balance fully their academic and personal lives and potential whilst studying at the College.

The College advances research by:

- Providing currently over 50 research fellowships and post-doctoral positions to outstanding academics in the early stages of their careers; these appointments enable them to develop

and focus intensively on their major doctoral and early post-doctoral research work, in that crucially formative period prior to their taking on academic duties in a full-time teaching post;

- Supporting the work of all its Fellows by creating and promoting international and interdisciplinary contact both informally and in seminars and lectures;
- Fostering academic networking, and access to and involvement in cutting-edge research, particularly by providing facilities for outstanding academics from other universities in the UK and overseas to make extended stays as Visiting Fellows and Visiting Scholars; and,
- Offering access to invaluable resources for all members of the College, particularly in the provision and maintenance of a Study Centre and Library, and extensive IT facilities.

Members of, and academic visitors to, the College, both students and Fellows, are the prime beneficiaries. They are directly engaged in education, learning and research and the College's students are the recipients of such direct financial support as the College is able to provide to those of limited financial means. More widely, other beneficiaries include students and academic staff from other Cambridge colleges and the University of Cambridge. Academics from other higher-education institutions and returning alumni members of the College are given opportunities to undertake interdisciplinary research and establish contacts, attend educational events at the College, and make extended use of its academic facilities; in parallel, the wider public is encouraged to attend certain educational activities provided by the College such as lectures, seminars and concerts. These activities serve to reinforce and underpin life-long learning. A particular example is the Annual Darwin Lecture Series, now in its 30th year, which runs for eight weeks each Lent Term, and attracts audiences of many hundreds drawn from the general public as well as the student and academic community. Since 2007 most of the lectures have been made available online for a global audience, and cumulative downloads number approximately 882,000 to date.

In fulfilling its charitable purposes of advancing education, learning and research, the College draws on its senior officers such as Master, Vice-Master, Dean, and Bursar who receive stipends. These serve with other Fellows as charity trustees through being members of the College Council. Any employment and/or remuneration of the Master and Fellows is undertaken with the intention of furthering the College's aims and such employment directly contributes to the fulfilment of those aims. The private benefit accruing to the Master and Fellows through stipends and related benefits is objectively reasonable, measured against academic stipends generally; moreover annual pay increases normally follow national settlements applying to the university sector. Without the services of its Master and Fellows, the College could not fulfil its charitable aims as a College in the University of Cambridge.

## **ACHIEVEMENTS AND PERFORMANCE**

### **Academic Results and Student Body Profile**

College members graduating in 2014-15 achieved 92 PhDs and 161 Masters-level degrees (2014: 93 and 190 respectively) between them.

As at 1 December 2014 the student membership of the College comprised 490 full time post-graduate students, and 169 post-graduate students writing up or under exam (from whom the College receives no fees). 54% of students were fully funded as to their combined graduate fees, 3% were partially funded, and 43% were self-funding.

## **Financial Overview**

The College's income comprises academic fees, charges for student accommodation and catering services, investment income, and individual and corporate donations and bequests. Its expenditure comprises the costs of education, of providing and maintaining student residences and catering, of investment and property management, and of development fundraising and alumni relations; and expenditure includes all staff costs and depreciation. The College made an operating surplus in the year to 30 June 2015 of £684,363 (2014: £472,795). After accounting for the transfer of unspent permanent endowment income, the net retained surplus for the year totalled £517,253 (2014: £337,236).

A notable feature in the year's figures is a substantial increase in catering income as the College's modernised catering operation continues to attract greater numbers of students into its competitively priced meals, thus enabling the fixed costs borne by the College to be spread over a wider base. Communal dining and the concomitant interdisciplinary academic exchange and discourse represent a core element of the College's mission. The decrease in education expenditure is attributable mainly to timing relating to research fellowship appointments and certain indirect education costs, rather than to any policy change. The College continues to support between 20 and 40 stipendiary and non-stipendiary research, post-doctoral and other visiting fellows and senior members, and additionally allotted some £123,170 in the year (2013: £105,700) to help provide direct professional counselling support for students and alleviate in the form of grants, awards and loans other specific individual financial hardship.

The net assets of the College stand at £48,953,259. The total permanent endowment rose by £979,143 from £21,233,522 to £22,212,665, which includes an increase in the market valuation of investments of £574,618, and a grant from the Colleges' Fund of £232,000. The permanent endowment comprises £6,485,337 of restricted funds for defined educational purposes and £15,727,328 of unrestricted funds or general corporate capital funds, the income from which is essential to fund the deficit which would otherwise arise on the College's academic activities and student services. The College's reserves have increased by £681,085 from £25,018,120 to £25,699,205. These are technically unrestricted, non-endowment funds and they include the College's cash reserves and some investment assets, but the great majority of such funds are fixed assets in the form of the College's operational land and buildings. The College's total reserves are reduced by pension liabilities of £1,067,738.

## **Benefactions and Donations**

The College is most grateful for donations and bequests (including of royalties), accruing from Darwinians and others, and it is mainly based upon such generosity that the College is able to contemplate extending and enhancing its support for students and its physical estate. During the year, the major further part of the Ian Stevenson bequest was received (£632,027, shown in the balance sheet in deferred capital grants); the foreknowledge of this income enabled the College to purchase two Newnham Path properties in 2008 in satisfaction of the donor's wishes for the College to provide nearby visiting scholar accommodation. Further funds were received from Professor L Keller and Mr S Yakas into the student travel scholarship fund established by them last year.

The Darwin community responded most generously to a professionally conducted telephone fundraising campaign during the year, with high participation rates and cash donations received totalling £31,033. Pledges made and standing orders put in place will provide the College with a strong flow of funds over the coming years. The campaign focused on a selection of alumni and will be extended in future.

The donations received and pledges made can be viewed very favourably against the modest costs of the College's combined development fundraising and alumni relations operation of £121,113. These have increased substantially over the two years straddling the College's 50th Anniversary, and will continue to rise as the College supports a growing global alumni base and seeks to ensure its long term financial health by mobilising those who share its aims and aspirations.

### **Endowment and Investment Performance**

The College's investments are managed in three categories: the College's unrestricted Corporate Capital, an amalgamated Trust Pool for the restricted funds, and a special fund with a strong property bias (for the investment of the £3m proceeds of the College's 2013 bond issue, pending the investment of the proceeds in College operational property in due course). The funds are managed on a capital and income basis.

The College's invested funds experienced a year of solid growth with equity and other markets influenced by greater political and economic uncertainty thus creating opportunities for actively managed funds. The Corporate Capital fund returned 5.5%, the Trust Pool, 5.6% and the special fund 8.8%, for the year in each case, net of fees. No withdrawal of invested capital was required or made in the year.

Dividend and income received on quoted securities increased year on year to £997,789 (2014: £774,209). All investment income received is applied in the pursuit of the charitable objects of the College.

In the first quarter of our 2015-16 financial year investment markets have shown increased volatility and have generally been in retreat. While the College's financial arrangements are robust enough to weather periodic downturns in the markets, major uncorrected falls and any sustained decline would pose a considerable challenge to the College in adapting to the loss of essential income.

The College is advised, via the Finance and Investments Committees, by its fund managers and independent external members co-opted to the Investments Committee. The College encourages socially responsible investment and seeks not to invest in companies that are in conflict with its charitable objectives, nor will it hold shares in tobacco companies.

### **Reserves policy**

As the College intends to continue to pursue its objectives in perpetuity, it views its investments strategically over the long term. The principle aim is to protect and maintain the real value of its permanent corporate and trust capital, and to continue to increase its unrestricted funds and reserves as much as possible over that extended period, whilst seeking an equitable funding balance between the interests and aspirations of present members and those yet to come, and the retention of an ability to cope with sudden unforeseen financial upheavals and opportunities. Any new donations or bequests to the College are added to the unrestricted funds unless the donor has made it clear that the funds are to be used for a specific purpose.

### **Capital Expenditure**

There were no major capital projects undertaken on the College main site during the year; funds were allocated and spent on non-capital refurbishment projects. The College purchased the freehold of 51 Newnham Road late in the year, to complement its existing student accommodation holdings of Nos. 45 and 49, and to consolidate its holdings of properties generally around Gwen Raverat House. Discussions continue between the partner Colleges involved in the Miller's Yard, Mill

Lane project, and the University for the bringing forward of graduate student accommodation as a major component of the redevelopment of the Mill Lane area.

### **Building Renewals and Maintenance**

The College's buildings on its main site are mainly eighteenth and nineteenth century with modern additions, and adapted houses and purpose-built student hostels off-domus. The buildings are maintained according to a comprehensive long term rolling maintenance plan which seeks to ensure timely refurbishment, to a standard to minimise unplanned and costly remedial works, carried out within tight budget controls. No major renewal or maintenance works additional to those within the plan were undertaken during the year.

### **Pensions**

The College has members of staff in two pension schemes: the Universities' Superannuation Scheme (USS) and the Cambridge Colleges' Federated Pension Scheme (CCFPS). Full actuarial details are included at Note 25 to the Accounts.

The USS last underwent a full actuarial review in 2014, which is still subject to audit, and details of which are set out in Note 25a. Employer contributions remained at 16% during the year. It is expected that employer contributions will increase to 18% from 1 April 2016. The College had 3 active USS members at 30 June 2015, although many Fellows will be USS members though their employment by the University.

The latest actuarial review of the CCFPS was produced as at 30 June 2015. The College has an overall deficiency of £1,067,738 as at that date compared to a deficiency of £1,071,421 as at 30 June 2014. The slight improvement is due to better than expected investment returns and an experience gain attributable to lower pension increases than expected. Working in the opposite direction are the changes in the FRS17 assumptions, in particular significant lowering of the discount rate. There was no change in Employees' contributions of 5%. The College maintains a voluntary salary sacrifice scheme for those in the pension scheme.

### **Principal Risks and Uncertainties**

Major risks to which the College is or may be exposed from time to time are reviewed regularly by all College committees within their terms of reference, and reported to College Council and Governing Body. Systems are in place, or are then established, to remove or mitigate risks as they are identified.

### **Plans for the future**

The College seeks to deploy its resources most effectively to support a student body which has grown substantially in the last two decades. The resilient Cambridge property market and finite supply of private rental housing in Cambridge makes it imperative that the College seeks to ease the financial burden on its members by housing more students in College accommodation for more of their period of study in Cambridge. Two large projects offer the prospect of achieving this. However both have hurdles yet to be jumped, particularly as regards planning approval where the local authority juggles the perceived tension between a shortage of affordable family housing for residents and the number of student accommodation schemes being advanced across the city. The first project is that on Mill Lane referred to above and the second is a collaborative scheme with St Edmunds College for a Darwin building on Mount Pleasant on a long term lease-to-purchase structure. 2015-16 will be a crucial year in determining whether the Mill Lane scheme reaches an agreement in principle among the participants and whether the Mount Pleasant project achieves



planning approval. The projects might provide c.150 student rooms in total. The Mill Lane scheme has the potential to be the largest capital project yet undertaken by the College.

On the College's main site the proposed John Bradfield Court is in the early planning stages. The death of Sir John Bradfield in late 2014 led to discussions with Trinity College for a memorial to Sir John in Darwin. Trinity has most generously agreed to support a project for the creation of a small new build multi-purpose facility, to be known as the John Bradfield Room, behind the Old Granary and overlooking the croquet lawn, and the proposals including the much needed refurbishment and conservation of the Old Granary itself. The Trinity gift is of £1m plus a further £0.5m provided the College raises a matching £0.5m, upon which the College is now embarking.

The fundraising required for the above projects will take place alongside the ever present need to secure endowment funds to continue to provide and enhance financial support for bursaries and hardship support for student members and for research fellowships.

## **GOVERNANCE**

### **Corporate Governance**

The following statement is provided by the Trustees to enable readers of the financial statements to obtain a better understanding of the management of the College's resources and audit oversight.

The College is a registered charity (Registered Number 1141105) and subject to regulation by the Charity Commission for England and Wales. The College Council provides the trustees of the charity and they are responsible for ensuring compliance with charity law. The Trustees are advised in meeting those duties by a number of Committees, and internal and external professionally qualified advisers. Members of the College Council forming the Trustee Body during the year to 30 June 2015 are indicated at Page 1. The Principal Officers of the College are the Master, Vice-Master, Dean, and Bursar also identified on Page 1.

The Governing Body, comprising the Master and Fellows under Titles A, C, D, and E, holds at least six meetings a year, with the November meeting being the Annual Meeting.

The College Council comprises the Master, Vice-Master, Dean, and Bursar ex-officio, and four Fellows elected at Annual Meetings of the Governing Body. The current Student Association President attends ex-officio, and two further student members are elected directly by the student body each year. The College Council meets on a regular basis throughout the year and is responsible for the everyday administration of the College in all matters not allocated by Statute to the Governing Body or the Finance Committee. The College Council makes regular reports to each meeting of the Governing Body.

The Finance (and Investments) Committee, composed of the Master, Vice-Master, and Bursar ex-officio, and three Fellows elected by the Governing Body to serve from the beginning of a given academic year, manages the College investments and, with a directly elected student representative, controls and administers the revenues and expenditures in accordance with College Statutes, Ordinances, and the Charities Act. When acting as the Investment Committee, the membership is reinforced by 2-3 external members, and the College's investment managers are in attendance.

It is the specified duty of the Finance Committee to keep under constant review the effectiveness of the College's internal systems of financial and other controls; to advise the Trustees on the appointment of external auditors; to give initial consideration to reports submitted by the auditors;

to monitor the implementation of recommendations made by the auditors; and to make periodic formal Reports to the Trustees and Governing Body.

Registers of Interests in a form prescribed by the College's Conflicts of Interest Policy are maintained for the Trustees, and Related Party forms are obtained from the Trustees and Heads of College Departments as part of the annual audit. The declaration of interests is a formal agenda item at the beginning of every College meeting.

### **Statement on Internal Control**

The Trustees are responsible for ensuring a sound system of internal control that supports the achievement of policies, aims and objectives while safeguarding public and other funds and assets for which the charity holds responsibility, in accordance with College Statutes and Ordinances, and the Charities Act 2006.

The systems of internal control are designed to identify the principal risks bearing on the achievement of aims, objectives and policies, to evaluate the nature and extent of those risks, and to ameliorate and control them efficiently, effectively and economically. The systems of internal control are structured realistically to identify and control most of the risks of failure to achieve aims, objectives and policies, rather than attempt to eliminate risk entirely; it therefore provides reasonable, but not absolute, assurance of effectiveness. These processes were in place for the year ended 30 June 2015 and throughout the period to the date of approval of the financial statements.

The Trustees are responsible for reviewing the effectiveness of the systems of internal control. The Trustees' continual review of the effectiveness of the systems is informed by the work of the various Committees, the Bursar, and the College Officers who hold responsibility for the development and application of an internal control framework and for the investigation and resolution of any comments raised by the external auditors in their post audit and other reports.

### **General Responsibilities of the Trustees**

The Trustees are responsible for the preparation of the Annual Report and financial statements in accordance with applicable law and having regard to United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

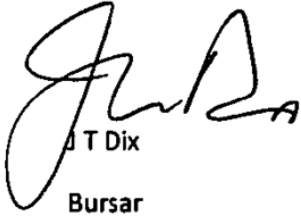
The College Statutes and Ordinances, and those of the University of Cambridge, require the Governing Body to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the College and of the surplus or deficit of the College for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State that applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on a 'going-concern' basis, unless inappropriate to presume that the College would continue in operation.

The Trustees are responsible for keeping accounting records which, at any time, disclose with reasonable accuracy the financial position of the College and enable them to ensure that the financial statements comply with the Statutes of the University of Cambridge. They are also responsible for safeguarding the assets of the College and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DARWIN COLLEGE  
ANNUAL REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2015

Approved by the Trustees on 18 November 2015



J T Dix  
Bursar

## **INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF DARWIN COLLEGE**

### **Introduction**

We have audited the financial statements of Darwin College for the year ended 30 June 2015 which comprise the income and expenditure account, the statement of total recognised gains and losses, the balance sheet, the cash flow statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the College's Trustees, as a body, in accordance with College's Statutes, the Statutes of the University of Cambridge and with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the College's Trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the College and the College's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditors**

As explained more fully in the Trustees' Responsibilities Statement set out on page 9, the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 30 June 2015 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011 and the Statutes of the University of Cambridge; and

DARWIN COLLEGE  
ANNUAL REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2015

- the contribution due from the College to the University has been correctly computed as advised in the provisional assessment by the University of Cambridge and in accordance with the provisions of Statute G, II, of the University of Cambridge.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustee's Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



**Peters Elworthy & Moore**

Chartered Accountants and Statutory Auditors

Salisbury House  
Station Road  
Cambridge  
CB1 2LA

Date: 2 December 2015.

Peters Elworthy & Moore is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

## **STATEMENT OF PRINCIPAL ACCOUNTING POLICIES**

### **Basis of preparation**

The financial statements have been prepared in accordance with the provisions of the Statutes of the College and of the University of Cambridge and applicable United Kingdom accounting standards. In addition, the financial statements comply with the Statement of Recommended Practice: Accounting for Further and Higher Education (the SORP).

The income and expenditure account includes activity analysis in order to demonstrate that the College is satisfying its obligations to the University of Cambridge with regard to the use of public funds. The analysis required by the SORP is set out in Note 7.

### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified in respect of the treatment of investments and certain land and buildings.

### **Recognition of income**

#### *Academic fees*

Academic fees are recognised in the period to which they relate and include all fees chargeable to students or their sponsors.

#### *Restricted grant income*

Grants received for restricted purposes are recognised as income to the extent that relevant expenditure has been incurred.

#### *Donations and benefactions*

Charitable donations are recognised on receipt or where there is certainty of future receipt and the value can be measured reliably. The accounting treatment of a donation depends on the nature and extent of restrictions specified by the donor. Donations with no substantial restrictions are recognised as income in the income and expenditure account. Donations which are to be retained for the future benefit of the College, and other donations with substantially restricted purposes, other than for the acquisition or construction of tangible fixed assets, are recognised in the statement of total recognised gains and losses as new endowments.

#### *Capital grants and donations*

Grants and donations are received for the purposes of funding the acquisition and construction of tangible fixed assets. In the case of depreciable assets these are credited to deferred capital grants when the related capital expenditure is incurred and released to income over the estimated useful life of the respective assets in line with the depreciation policy. Grants and donations of, or for the acquisition of, freehold land or heritage assets, which are non-depreciable assets, are credited to the income and expenditure account in the year of acquisition.

#### *Other income*

Income is received from a range of activities including residences, catering conferences and other services rendered.

#### *Endowment and investment income*

All investment income is credited to the income and expenditure account in the period in which it is earned. Income from restricted endowments not expended in accordance with the restrictions of the endowment is transferred from the income and expenditure account to restricted endowments.

### **Tangible fixed assets**

#### *Land and buildings*

Buildings are stated at depreciated replacement costs as at 1 July 2002 with subsequent additions at cost.

Freehold land is not capitalised.

Buildings are depreciated at 2% per annum.

Where buildings are acquired with the aid of specific bequests or donations they are capitalised and depreciated as above. The related benefactions are credited to a deferred capital account and are released to the Income and Expenditure Account at the rate of 2% per annum.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

Buildings under construction are valued at cost, based on the value of architects' certificates and other direct costs incurred. They are not depreciated until they are brought into use.

Where buildings are used for mixed operational and investment purposes and where such a building is separable into distinct parts for the different uses then each part is valued and accounted for separately according to its use.

#### *Maintenance of premises*

The cost of major refurbishment and maintenance which restores value is capitalised and depreciated at the rate of 2% per annum.

#### *Furniture, fittings and equipment*

Furniture, fittings and equipment in excess of £10,000 are capitalised and depreciated at the rate of 20% per annum.

#### *Heritage assets*

The College holds and conserves a number of collections, exhibits, artefacts and other assets of historical, artistic or scientific importance. In accordance with FRS 15 and FRS 30 (Heritage Assets) heritage assets acquired before 1 July 1999 have not been capitalised since reliable estimates of cost or value are not available on a cost-benefit basis. Acquisitions since 1 July 1999 have been capitalised at cost or, in the case of donated assets, at expert valuation on receipt. In line with the accounting policy in respect of equipment, the threshold for capitalising assets is £10,000. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

### **Investments**

Fixed asset investment and endowment assets are included in the balance sheet at market value, except for investments in mixed properties which are included in the balance sheet on the same basis as tangible fixed assets.

### **Stocks**

Stocks are stated at the lower of cost and net realisable value after making provision for slow moving and obsolete items.

### **Provisions**

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

### **Taxation**

The College is a registered charity (number 1141105) and also a charity within the meaning of Section 506 (1) of the Taxes Act 1988. Accordingly, the College is exempt from taxation in respect of income or capital gains received within the categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

The College receives no similar exemption in respect of Value Added Tax.

### **Contribution under Statute G, II**

The College is liable to be assessed for Contribution under the provisions of Statute G, II of the University of Cambridge. Contribution is used to fund grants to colleges from the Colleges Fund. The College may from time to time be eligible for such grants. The liability for the year is as advised to the College by the University based on an assessable amount derived from the value of the College's assets as at the end of the previous financial year.



DARWIN COLLEGE  
ANNUAL REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2015

**INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30 JUNE 2015**

		<b>2015</b>	<b>2014</b>
	Note	£	£
<b>Income</b>			
Academic fees & charges	1	1,155,889	1,209,781
Residences & catering	2	1,849,905	1,632,912
Endowment Income	3	1,097,475	870,051
Donations	4	123,054	355,204
		<u>4,226,323</u>	<u>4,067,948</u>
<b>Expenditure</b>			
Education	5	1,421,104	1,566,502
Residences & catering	6	1,756,914	1,739,700
Other expenditure		363,942	288,951
		<u>3,541,960</u>	<u>3,595,153</u>
<b>Operating surplus</b>		684,363	472,795
<b>(Deficit) for the year transferred to accumulated income within endowment funds</b>		<u>(167,110)</u>	<u>(135,559)</u>
<b>Surplus for the year retained within General Reserves</b>		<u>517,253</u>	<u>337,236</u>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 30 JUNE 2015**

	<b>Restricted Funds</b>	<b>Unrestricted Funds</b>	<b>Total 2015</b>	<b>Total 2014</b>
	£	£	£	£
Retained surplus on income and expenditure account		517,253	517,253	337,236
Unspent endowment fund income	167,110		167,110	135,559
Increase in market value of investments	134,054	525,702	659,756	1,272,770
New endowments	5,415		5,415	10,086
Capital grant from colleges fund		232,000	232,000	250,000
Actuarial gain/(loss) on pension scheme		78,694	78,694	(271,624)
Total recognised gains for the period	<u>306,579</u>	<u>1,353,649</u>	<u>1,660,228</u>	<u>1,734,027</u>
Opening reserves and endowments	6,178,758	40,072,884	46,251,642	44,517,615
Total recognised gains for the period	<u>306,579</u>	<u>1,353,649</u>	<u>1,660,228</u>	<u>1,734,027</u>
Closing reserves and endowments	<u>6,485,337</u>	<u>41,426,533</u>	<u>47,911,870</u>	<u>46,251.642</u>

DARWIN COLLEGE  
ANNUAL REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2015

**BALANCE SHEET FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2015 £	2014 £
<b>Fixed Assets</b>			
Tangible Assets	9	22,623,649	22,219,940
Investment Assets	10	7,338,193	7,143,329
		<u>29,961,842</u>	<u>29,363,269</u>
Endowment Assets	11	22,212,660	21,233,518
<b>Current Assets</b>			
Stock		40,673	39,637
Debtors	12	271,943	264,900
Cash	13	3,995,467	2,957,177
		<u>4,308,083</u>	<u>3,261,714</u>
<b>Creditors</b>	14	<u>3,461,588</u>	<u>3,228,742</u>
<b>Net Current Assets/(Liabilities)</b>		<u>846,496</u>	<u>32,972</u>
<b>Creditors: more than one year</b>	15	(3,000,000)	(3,000,000)
<b>Total Assets Less Current Liabilities</b>		<u>50,020,997</u>	<u>47,629,759</u>
<b>Net Assets excluding Pension Liability</b>		50,020,997	47,629,759
<b>Pension Liability</b>	16	(1,067,738)	(1,071,421)
<b>Net Assets</b>		<u>48,953,259</u>	<u>46,558,338</u>

	Note	Restricted funds	Unrestricted funds	2015 Total	2014 Total
<b>Deferred capital grants</b>	17	1,041,389		1,041,389	306,696
<b>Endowments</b>	18				
Expendable endowments					
Permanent endowments		6,485,337	15,727,328	22,212,665	21,233,522
<b>Reserves</b>	19				
General reserves excluding pension reserve			26,766,943	26,766,943	26,089,541
Pension reserve	25		(1,067,738)	(1,067,738)	(1,071,421)
			<u>25,699,205</u>	<u>25,699,205</u>	<u>25,018,120</u>
<b>Total general reserves and endowments</b>		<u>6,485,337</u>	<u>41,426,533</u>	<u>47,911,870</u>	<u>46,251,642</u>
<b>Total Funds</b>		<u>7,526,726</u>	<u>41,426,533</u>	<u>48,953,259</u>	<u>46,558,338</u>

These accounts were approved by the Trustees on  
and are signed on their behalf by:

*18 November* 2015

*Mary Fowler*  
Professor CM R Fowler, Master

DARWIN COLLEGE  
ANNUAL REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2015

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015**

		<b>2015</b>	<b>2014</b>
	Note	£	£
<b>Net cash inflow</b>	20	155,106	(107,337)
<b>Returns</b>	21	1,092,146	1,146,180
<b>Capital expenditure</b>	21	52,200	(4,219,023)
<b>Net cash inflow/(outflow)</b>		<u>1,299,452</u>	<u>(3,180,180)</u>
New loan		<u>                    </u>	<u>3,000,000</u>
<b>Increase in cash</b>		1,299,452	(180,180)
New loan		<u>                    </u>	<u>(3,000,000)</u>
<b>Change in net funds</b>		1,299,452	(3,180,180)
Net funds at beginning of year		1,494,466	4,674,646
<b>Net funds at end of year</b>		<u><u>2,793,918</u></u>	<u><u>1,494,466</u></u>

**NOTES TO THE ACCOUNTS**

**1 Academic fees and charges**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Colleges fees:		
Fee income paid on behalf of undergraduates at the regulated undergraduate rate	-	4,068
Privately-funded undergraduate fee income (per capita fee £5,106)	25,530	47,082
Fee income received at the Graduate fee rate (per capita fee £2,474)	1,122,783	1,151,822
Other income	7,576	6,809
Total	<u>1,155,889</u>	<u>1,209,781</u>

**2 Income from Residences and Catering**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Accommodation College members	1,436,699	1,360,651
Catering College members	413,206	272,261
Total	<u>1,849,905</u>	<u>1,632,912</u>

**3 Endowment and investment income**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Income from:		
Land and buildings	71,589	69,699
Quoted securities	997,789	774,209
Other interest receivable	28,097	26,143
Total	<u>1,097,475</u>	<u>870,051</u>

**4 Donations**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Unrestricted donations	83,485	253,898
Restricted donations	32,500	94,268
Released from deferred capital grants	7,069	7,038
Total	<u>123,054</u>	<u>355,204</u>

**5 Education expenditure**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Teaching	82,724	95,137
Tutorial	268,491	274,617
Admissions	384,910	423,701
Research	234,492	286,152
Scholarships and awards	63,618	94,016
Other educational facilities	386,869	392,879
Total (Note 7)	<u>1,421,104</u>	<u>1,566,502</u>

**6 Residences and Catering Expenditure**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Accommodation College members	994,768	1,108,235
Catering College members	762,146	631,465
Total (Note 7)	<u>1,756,914</u>	<u>1,739,700</u>

**7a Analysis of 2015 expenditure by activity**

	<b>Staff costs (note 8)</b>	<b>Other operating expenses</b>	<b>Depreciation</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Education	666,523	571,438	183,143	1,421,104
Residences and catering	749,904	666,889	340,121	1,756,914
Other	105,251	258,691	-	363,942
Totals	<u>1,521,678</u>	<u>1,497,018</u>	<u>523,264</u>	<u>3,541,960</u>

Expenditure includes fundraising costs of £121,113. This expenditure includes the costs of alumni relations.

**7b Analysis of 2014 expenditure by activity**

	<b>Staff costs (note 8)</b>	<b>Other operating expenses</b>	<b>Depreciation</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Education	621,275	762,086	183,141	1,566,502
Residences, catering and conferences	737,760	661,817	340,123	1,739,700
Other	97,462	191,489	-	288,951
Totals	<u>1,456,497</u>	<u>1,615,392</u>	<u>523,264</u>	<u>3,595,153</u>

Expenditure includes fundraising costs of £94,734. This expenditure includes the costs of alumni relations.

**7c Auditors' remuneration**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Other operating expenses include:		
Audit fees payable to the College's external auditors	<u>16,800</u>	<u>15,750</u>

## 8 Staff costs

	College Fellows £	Academics £	Non- Academic £	2015 Total £	2014 Total £
<b>Staff costs:</b>					
Emoluments	224,438		1,013,913	1,238,351	1,205,913
Social security costs	19,741		68,321	88,062	87,292
Other pension costs	24,307		170,958	195,265	163,292
	<u>268,486</u>	<u>-</u>	<u>1,253,192</u>	<u>1,521,678</u>	<u>1,456,497</u>
<b>Average staff numbers (full-time equivalents):</b>					
Academic				-	-
Non-academic (full time equiv.)				48	47
Total				<u>48</u>	<u>47</u>

The Trustees comprises 8 Fellows, of which 4 are stipendiary officers of the College and received remuneration of £111,182. The Trustees receive no emoluments in their role as trustees of the Charity.

## 9 Fixed assets

### 9a Tangible fixed assets

	College Buildings and Site £	Assets Under Construction £	Fixtures, Fittings & Equipment £	2015 Total £	2014 Total £
<b>Cost or valuation</b>					
At beginning of year	26,039,650	1,725,153	16,783	27,781,586	26,056,433
Additions at cost	787,880	139,093		926,973	1,725,153
At end of year	<u>26,827,530</u>	<u>1,864,246</u>	<u>16,783</u>	<u>28,708,559</u>	<u>27,781,586</u>
<b>Depreciation</b>					
At beginning of year	5,554,931	-	6,715	5,561,646	5,038,382
Charge for the year	519,907		3,357	523,264	523,264
At end of year	<u>6,074,838</u>	<u>-</u>	<u>10,072</u>	<u>6,084,910</u>	<u>5,561,646</u>
<b>Net book value</b>					
At end of year	<u>20,752,692</u>	<u>1,864,246</u>	<u>6,711</u>	<u>22,623,649</u>	<u>22,219,940</u>
At beginning of year	<u>20,484,719</u>	<u>1,725,153</u>	<u>10,068</u>	<u>22,219,940</u>	<u>21,018,051</u>

The insured value of freehold land and buildings as at 30 June 2015 was £26,424,930 (2014: £26,146,202).

## 9b Heritage assets

The College holds and conserves certain collections, artefacts and other assets of historical, artistic or scientific importance. Most of these are housed within the main College building and archive library, those items not on general display can be accessed by the wider public by prior arrangement. On occasion objects may be loaned to other institutions for public display. The College holds a number of artefacts on long-term loan from the Darwin Heirloom Trust. These objects are insured by the College and managed in agreement with the trust. The objects within College care are preserved, conserved and managed in accordance with recognised national standards. The College acquires heritage assets principally through donation but occasionally, when resources become available, through purchase. Subject to the approval of the Trustees, the College may dispose of objects held.

As stated in the statement of principal accounting policies, heritage assets acquired since 1 July 1999 are capitalised. Currently all of the assets held in the College's collections were acquired prior to this date. As reliable estimates of cost or valuation are not available for these on a cost-benefit basis, they have not been capitalised. As a result no heritage assets have been included in the balance sheet.

## 10 Investments

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Balance at beginning of year	25,597,047	20,858,846
Additions	6,419,508	8,177,885
Disposals	(5,018,281)	(5,422,430)
Appreciation in market value	659,756	1,272,770
Transfer (to)/from Fixed Assets	-	-
Change in Cash Balance	<u>(1,041,504)</u>	<u>709,976</u>
Balance at end of year	<u>26,616,526</u>	<u>25,597,047</u>
Represented by:		
Property	1,781,598	1,781,598
Quoted securities	21,346,299	20,389,036
Hedge Funds	634,592	-
Fixed interest securities	1,559,701	1,505,794
Cash in hand at investment managers	497,512	1,537,287
Multi-Asset Funds	409,957	-
Other	10,000	10,000
Portfolio funds	<u>376,867</u>	<u>373,331</u>
	<u>26,616,526</u>	<u>25,597,046</u>
Allocated		
Fixed Asset Investments	7,338,193	7,143,329
Endowment Assets (Note 11)	<u>19,278,333</u>	<u>18,453,717</u>
	<u>26,616,526</u>	<u>25,597,046</u>



DARWIN COLLEGE  
ANNUAL REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2015

**11 Endowment assets**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Property	300,000	300,000
Quoted securities	15,499,704	14,737,305
Hedge Funds	634,592	-
Fixed interest securities	1,559,701	1,505,794
Cash in hand at investment managers	497,512	1,537,287
Multi-Asset Funds	409,957	-
Portfolio funds	376,867	373,331
	<u>19,278,333</u>	<u>18,453,717</u>
Loan to General Reserves	2,934,327	2,779,801
	<u>22,212,660</u>	<u>21,233,518</u>

**12 Debtors**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Members of the College	43,405	34,763
Rents	2,472	2,472
Other debtors	226,066	227,665
	<u>271,943</u>	<u>264,900</u>

**13 Cash and bank balances**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Short-term money market investments	1,645,655	1,766,419
Bank and Building Society accounts	2,349,093	1,189,781
Cash in hand	719	977
	<u>3,995,467</u>	<u>2,957,177</u>

**14 Creditors: amounts falling due within one year**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Trade creditors	235,325	295,704
Members of the College	99,290	77,623
University fees	160,337	43,544
Other creditors	32,309	32,070
Loan from Endowment Funds	2,934,327	2,779,801
	<u>3,461,588</u>	<u>3,228,742</u>

**15 Creditors: amounts falling due after more than one year**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Private Placement	<u>3,000,000</u>	<u>3,000,000</u>

DARWIN COLLEGE  
ANNUAL REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2015

**16 Pension liabilities**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Balance at beginning of year	1,071,421	746,721
Movement in year:		
Current service cost including life assurance	177,912	148,387
Contributions	(108,584)	(101,131)
Other finance (income)/cost	5,683	5,820
Actuarial loss/(gain) recognised in statement of total recognised gains and losses	(78,694)	271,624
Balance at end of year	<u>1,067,738</u>	<u>1,071,421</u>

**17 Deferred capital grants**

	<b>Donations</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>Total</b>	<b>Total</b>
		<b>£</b>	<b>£</b>
Balance at beginning of year:			
Buildings	306,696	306,696	312,236
Grants and donations received:			
Buildings	741,762	741,762	1,498
Released to income and expenditure account:			
Buildings	(7,069)	(7,069)	(7,038)
Balances at end of year			
Buildings	<u>1,041,389</u>	<u>1,041,389</u>	<u>306,696</u>

18 Endowments

	Unrestricted Permanent £	Restricted Permanent £	Total Permanent £	Restricted Expendable £	2015 Total £	2014 Total £
<b>Balance at beginning of year:</b>						
Capital	15,054,764	3,604,968	18,659,732		18,659,732	17,609,889
Unspent income		2,573,790	2,573,790		2,573,790	2,243,114
New endowments received	232,000	5,415	237,415		237,415	260,086
Income receivable from endowment asset investments		284,599	284,599		284,599	311,050
Expenditure		(117,488)	(117,488)		(117,488)	(175,491)
Net transfer (to)/from income and expenditure account	-	167,111	167,111		167,111	135,559
Increase/(decrease) in market value of investments	440,564	134,054	574,618		574,618	984,874
<b>Balance at end of year</b>	<b>15,727,328</b>	<b>6,485,337</b>	<b>22,212,665</b>		<b>22,212,665</b>	<b>21,233,522</b>
<b>Comprising:</b>						
Capital	15,727,328	3,899,430	19,626,758		19,626,758	18,659,732
Unspent income		2,585,907	2,585,907		2,585,907	2,573,790
Balance at end of year	15,727,328	6,485,337	22,212,665		22,212,665	21,233,522
<b>Representing</b>						
Fellowship Funds		3,448,092	3,448,092		3,448,092	3,276,196
Scholarship Funds		1,728,991	1,728,991		1,728,991	1,642,970
Bursary Funds		912,918	912,918		912,918	877,999
Travel Grant Funds		203,636	203,636		203,636	196,656
Other Funds		191,700	191,700		191,700	184,937
General endowments	15,727,328		15,727,328		15,727,328	15,054,764
College total	15,727,328	6,485,337	22,212,665		22,212,665	21,233,522

DARWIN COLLEGE  
ANNUAL REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2015

**19 Reserves**

	<b>General reserves</b>	<b>2015 Total</b>	<b>2014 Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Balance at beginning of year	25,018,120	25,018,120	24,664,612
Surplus retained for the year	517,253	517,253	337,236
Actuarial (loss)/gain	78,694	78,694	(271,624)
Increase/(decrease) in market value of investments	85,138	85,138	287,896
Balance at end of year	<u>25,699,205</u>	<u>25,699,205</u>	<u>25,018,120</u>

**20 Reconciliation of consolidated operating surplus to net cash inflow from operating activities**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Surplus/(deficit) on continuing operations before donations of heritage assets	684,363	472,795
Depreciation of tangible fixed assets	523,264	523,264
Surplus on disposal of tangible fixed assets		
Deferred capital grants released to income	(7,069)	(7,038)
Investment income	(1,220,529)	(1,225,255)
Interest payable	(128,383)	79,075
Pension costs less contributions payable	78,694	(271,624)
(Increase)/Decrease in stocks	(1,037)	(3,173)
(Increase)/Decrease in debtors	(7,043)	(31,743)
Increase/(Decrease) in creditors	232,846	356,362
<b>Net cash inflow from operating activities</b>	<u>155,106</u>	<u>(107,337)</u>

**21 Cash flows**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b>Returns on investments and servicing of finance</b>		
Endowment and investment income received	1,053,419	1,089,696
Retained Endowment Income	167,110	135,559
Interest paid	(128,383)	(79,075)
Net cash inflow from returns on income and servicing of finance	<u>1,092,146</u>	<u>1,146,180</u>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(926,976)	(1,725,152)
Donations for buildings and other deferred capital grants received	741,761	1,498
Proceeds of disposal of tangible fixed assets	-	-
Net purchase of long-term investments	-	(2,755,455)
New endowments received	237,415	260,086
Net cash outflow from capital expenditure and financial investment	<u>52,200</u>	<u>(4,219,023)</u>

## 22 Analysis of cash and bank balances

	At beginning of year	Cash flows	At end of year
	£	£	£
Bank overdrafts	(5,997)	(13,070)	(19,067)
Cash at bank and in hand	1,500,463	1,312,522	2,812,985
Net Funds	1,494,466	1,299,452	2,793,918

## 23 Related Party Transactions

Owing to the nature of the College's operations and the composition of its Trustees, it is possible that transactions will take place with organisations in which a Trustee has an interest. All transactions involving organisations in which a Trustee may have an interest are conducted at arm's length and in accordance with the College's normal procedures.

## 24 Contingent Liabilities

A contingent liability exists in relation to the Universities Superannuation Scheme (USS) valuation recovery plan, since the College is an employer of members within the scheme. The contingent liability relates to the amount generated by past service of current members and the associated proportion of the deficit. Given that the scheme is a multi-employer scheme and the College is unable to identify its share of the underlying assets and liabilities, the contingent liability is not recognised as a provision on the balance sheet. The associated receivable from the scheme in respect of the reimbursement of the College's expenditure is similarly not recognised.

## 25 Pensions

The College participates in two defined benefit schemes, the Universities' Superannuation Scheme (USS) and the Cambridge Colleges' Federated Pensions Scheme (CCFPS). The assets of the schemes are held in separate trustee-administered funds. The total pension cost for the 12 months to 30 June 2015 was £106,077 (2014: £101,131).

### 25a Universities' Superannuation Scheme

The College participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. The College is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the College's employees. In 2015, the percentage was 16% (2014: 16%). The College is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme.

The total cost charged to the profit and loss account is £29,418 (2014: £37,166). There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions. The disclosures below represent the position from the scheme's financial statements.

DARWIN COLLEGE  
ANNUAL REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2015

The latest available triennial actuarial valuation of the scheme was at 31 March 2014 (“the valuation date”), which was carried out using the projected unit method and is currently being audited by the scheme auditor. Based on this 2014 valuation it is expected that employer contributions will increase to 18% from 1 April 2016.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme’s technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

FRS 17 liability numbers have been produced for the using the following assumptions:

<b>Assumption</b>	<b>2015</b>	<b>2014</b>
Discount rate	3.3%	4.5%
Pensionable salary growth	3.5% in the first year 4.0% thereafter	4.4%
Price inflation (CPI)	2.2%	2.6%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members’ mortality	S1NA [“light”] YoB tables – No age rating
Female members’ mortality	S1NA [“light”] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 FRS17 figures, for the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females. The current life expectancies on retirement at age 65 are:

<b>Life expectancy on retirement</b>	<b>2015</b>	<b>2014</b>
Males currently aged 65 (years)	24.2	23.7
Females currently aged 65 (years)	26.3	25.6
Males currently aged 45 (years)	26.2	25.5
Females currently aged 45 (years)	28.6	27.6

<b>Existing benefits</b>	<b>2015</b>	<b>2014</b>
Scheme assets	£49.0bn	£41.6bn
FRS 17 liabilities	£67.6bn	£55.5bn
FRS 17 deficit	£18.6bn	£13.9bn
FRS 17 funding level	72%	75%

**25b Cambridge Colleges' Federated Pension Scheme**

The College is a member of a multi-employer defined benefits scheme, the Cambridge Colleges' Federated Pension Scheme. A full valuation was undertaken as at 31 March 2014 and updated to 30 June 2015 by a qualified independent Actuary. The principal actuarial assumptions at the balance sheet date (expressed as weighted averages) were as follows:

	<b>2015</b>	<b>2014</b>
	<b>% p.a.</b>	<b>% p.a.</b>
Discount rate	3.7	4.2
Expected long-term rate of return on Scheme assets	3.7	6.2
Increase in salaries	2.75**	2.8*
Retail Prices Index (RPI) assumption	3.25	3.3
Consumer Prices Index (CPI) assumption	2.25	2.3
Pension increases (RPI linked)	3.25	3.3
Pension increases (capped RPI linked)	3.05	3.1

\* 1.5% in 2014 to 2016; 2.8% thereafter

\*\*1.5% in 2014 and 2016; 2.75% thereafter

The underlying mortality assumption is based upon the standard table known as S2 mortality tables for average normal pensioners projected in line with the CMI\_2014 projection and a target long-term improvement rate of 1.0% p.a. (2014: same base table and an allowance for improvements using the CMI\_2013 projection table with a long term improvement rate of 1.0% p.a.). This results in the following life expectancies:

- Male age 65 now has a life expectancy of 22.3 years (previously 22.3).
- Female age 65 now has a life expectancy of 24.4 years (previously 24.3).
- Male age 45 now and retiring in 20 years would have a life expectancy then of 23.6 years (previously 23.6).
- Female age 45 now and retiring in 20 years would have a life expectancy then of 25.9 years (previously 25.8).

Employee Benefit Obligations

The amounts recognised in the balance sheet as at 30 June 2015 (with comparative figures as at 30 June 2014) are as follows:

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Present value of Scheme liabilities	(3,341,658)	(3,008,993)
Market value of Scheme assets	2,273,920	1,937,572
<b>Surplus/(deficit) in the Scheme</b>	<b><u>(1,067,738)</u></b>	<b><u>(1,071,421)</u></b>

DARWIN COLLEGE  
ANNUAL REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2015

The amounts to be recognised in profit and loss for the year ending 30 June 2015 (with comparative figures for the year ending 30 June 2014) are as follows.

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Current service cost	177,912	148,387
Interest on Scheme liabilities	129,456	118,623
Expected return on Scheme assets	(123,773)	(112,803)
Past service cost	-	-
Curtailement gain	-	-
<b>Total</b>	<u>183,595</u>	<u>154,207</u>
Actual return on Scheme assets	<u>266,087</u>	<u>112,820</u>

Changes in the present value of the Scheme liabilities for the year ending 30 June 2015 (with comparative figures for the year ending 30 June 2014) are as follows:

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Present value of Scheme liabilities at beginning of period	3,008,993	2,529,889
Service cost (including Employee contributions)	190,493	158,023
Interest cost	129,456	118,623
Past service cost	-	-
Curtailement gain	-	-
Actuarial losses/(gains)	63,620	271,641
Benefits paid	(50,904)	(69,183)
<b>Present value of Scheme liabilities at end of period</b>	<u>3,341,658</u>	<u>3,008,993</u>

Changes in the fair value of the Scheme assets for the year ending 30 June 2015 (with comparative figures for the year ending 30 June 2014) are as follows:

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Market value of Scheme assets at beginning of period	1,937,572	1,783,168
Expected return	123,773	112,803
Actuarial gains/(losses)	142,314	17
Contributions paid by the College	108,584	101,131
Employee contributions	12,581	9,636
Benefits paid	(50,904)	(69,183)
<b>Market value of Scheme assets at end of period</b>	<u>2,273,920</u>	<u>1,937,572</u>

The expected contributions to be paid by the College for the forthcoming year are;

- From 1 July 2015 to 31 March 2016 16.45% of Contribution Pay for non salary sacrifice members (21.45% of Contribution Pay for salary sacrifice members);
- From 1 April 2016 to 30 June 2016 17.57% of Contribution Pay for non salary sacrifice members (22.57% of Contribution pay for salary sacrifice members),

Plus Recovery Plan payments of £23,772; plus £12,273 to cover expenses,

The above rates exclude PHI and are subject to review at future actuarial valuations.



DARWIN COLLEGE  
ANNUAL REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2015

The major categories of Scheme assets as a percentage of total Scheme assets at 30 June 2015 (with comparative figures at 30 June 2014) are as follows:

	<b>2015</b>	<b>2014</b>
Equities & Hedge Funds	69%	70%
Bonds & Cash	25%	23%
Properties	6%	7%
<b>Total</b>	<u>100%</u>	<u>100%</u>

The expected long-term rate of return on the Scheme assets has been set in line with the discount rate of 3.7%.

Analysis of amount recognisable in statement of total recognised gains and losses (STRGL) for the year ending 30 June 2015 (with comparative figures for the year ending 30 June 2014) are as follows:

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Actual return less expected return on Scheme assets	142,314	17
Experience gains and losses arising on Scheme liabilities	46,400	(75,853)
Changes in assumptions underlying the present value of Scheme liabilities	(110,020)	(195,788)
<b>Actuarial gain/(loss) recognised in STRGL</b>	<u>78,694</u>	<u>(271,624)</u>

Cumulative amount of actuarial gains and losses recognised in STRGL for the year ending 30 June 2015 (with comparative figures for the year ending 30 June 2014) are as follows:

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Cumulative actuarial gain/(loss) at beginning of period	(816,565)	(544,941)
Recognised during the period	78,694	(271,624)
<b>Cumulative actuarial gain/(loss) at end of period</b>	<u>(737,871)</u>	<u>(816,565)</u>

Movement in surplus/(deficit) during the year ending 30 June 2015 (with comparative figures for the year ending 30 June 2014) are as follows:

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Surplus/(deficit) in Scheme at beginning of year	(1,071,421)	(746,721)
Service Cost (Employer Only)	(177,912)	(148,387)
Contributions paid by the College	108,584	101,131
Finance Cost	(5,683)	(5,820)
Actuarial gain/(loss)	78,694	(271,624)
<b>Surplus/(deficit) in Scheme at the end of the year</b>	<u>(1,067,738)</u>	<u>(1,071,421)</u>

DARWIN COLLEGE  
ANNUAL REPORT AND ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 2015

Amounts for the current and previous four accounting periods are as follows:

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Present value of Scheme liabilities	(3,341,658)	(3,008,993)	(2,529,889)	(2,101,308)	(1,877,253)
Market value of Scheme assets	2,273,920	1,937,572	1,783,168	1,579,778	1,722,672
Surplus/(deficit) in the Scheme	(1,067,738)	(1,071,421)	(746,721)	(521,530)	(154,581)
Actual return less expected return on Scheme assets	142,314	17	100,676	(306,325)	50,266
Experience gain/(loss) arising on Scheme liabilities	46,400	(75,853)	(12,713)	(25,721)	26,011
Change in assumptions underlying present value of Scheme liabilities	(110,020)	(195,788)	(289,823)	(41,942)	122,116